

Message Text

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13-12
ACTION EUR-12

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R 151314Z JAN 76
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 5046

C O N F I D E N T I A L BUDAPEST 0137

E.O. 11652: GDS
TAGS: EFIN, HU
SUBJ: WORLD WAR I DEBT AND JOHNSON ACT

REF: STATE 008681, 75 BUDAPEST 4156 AND PREVIOUS

1. EMBASSY LOOKS FORWARD TO RECEIVING STATISTICAL TABLES
PREPARED BY TREASURY DEPARTMENT ON HUNGARIAN WORLD WAR I
DEBT TO USG. WE ARE PUZZLED, HOWEVER, BY REFERENCE IN
STATE 008681 TO DUDICS-LAKOS-AKAR LINKAGE WHICH WOULD
SEEM TO INDICATE THAT STATE/TREASURY OFFICIALS IN WASHINGTON
ARE ALREADY "NEGOTIATING" WITH HUNGARIAN EMBASSY WASHINGTON
IN RESPONSE TO FONOFF NOTE 617-13/1975 (BUDAPEST 4156).

2. GIVEN FACT THAT HUNGARIAN FONOFF AND HUNGARIAN FINANCE
MINISTER FALUVEGI HAVE OPENLY STATED THAT USG "STALLING"
ON SETTLEMENT WORLD WAR I FLOUR DEBT, IT MIGHT BE BEST FOR
ALL PARTIES IF EMBASSY BUDAPEST WERE TO ADVISE FONOFF THAT
VENUE FOR "NEGOTIATIONS" WILL BE WASHINGTON AND THAT IT CAN EXPECT
REPLY TO FONOFF NOTE 617-13/1975 FROM DEPARTMENT THROUGH HUNGARIAN
EMBASSY WASHINGTON.

3. CONDUCTING "NEGOTIATIONS" IN WASHINGTON ALSO MAKES
MORE POLITICAL AND DIPLOMATIC SENSE. UNDER NORMAL
CIRCUMSTANCES ONE WOULD HAVE EXPECTED AMBASSADOR ESZTERGALYOS
AND HIS STAFF TO MAKE REPRESENTATIONS TO THE DEPARTMENT
AND TO THE TREASURY DEPARTMENT TO CLEAR THE SURPLUS PROPERTY
ACCOUNT AND TO ACCEPT FULL PAYMENT OF THE WORLD WAR I
FLOUR DEBT. AFTER ALL, HUNGARY -- AND VERY SPECIFICALLY
FINANCE MINISTER FALUVEGI -- IS DEMANDEUR IN THIS INSTANCE
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(75 BUDAPEST 3483; 75 BUDAPEST 3398; 75 BUDAPEST 3501;

75 BUDAPEST 3445; 75 BUDAPEST 3063; 75 BUDAPEST 2917 - PARA 2;
75 BUDAPEST 1621) IN CONSCIOUS AND ADMITTED EFFORT TO ESCAPE
ONEROUS PROVISIONS OF JOHNSON ACT. USG FOR ITS PART HAS
FOUND IT EXTREMELY DIFFICULT TO RESPOND TO THESE REPEATED
REPRESENTATIONS BY HUNGARIANS OVER MANY MONTHS (75 STATE 160877).

4. ACTION REQUESTED:

A) PLEASE PROVIDE MEMCONS OF WASHINGTON TALKS TO SHED
SOME LIGHT ON DUDICS-LAKOS-AKAR LINKAGE.
B) FROM LACK OF RESPONSE TO 75 BUDAPEST 4156, WE ARE LED
TO BELIEVE THAT DEPARTMENT DOES NOT REPEAT NOT SUPPORT ACTION
PROPOSED IN THAT MESSAGE. PLEASE CONFIRM.

C) IN LIGHT OF ALL THESE CONSIDERATIONS, EMBASSY BUDAPEST
REQUESTS AUTHORITY TO ADVISE GOH BY NOTE: (1) THAT DEPARTMENT
WILL DELIVER TO HUNGARIAN EMBASSY IN WASHINGTON OFFICIAL USG
RESPONSE TO FONOFF NOTE 617-13/1975, AND (2) THAT USG
HAS DECIDED THAT WASHINGTON SHOULD BE VENUE FOR
"NEGOTIATIONS" LOOKING TO PAYMENT OF FLOUR DEBT; AND
(3) THAT USG HOPES TO OPEN NEGOTIATIONS AND BRING THEM
TO MUTUALLY SATISFACTORY CONCLUSION AT AN EARLY DATE.

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